

COMPENSATION REVIEW COMMISSION

December 14, 2009

The Honorable Courtney Watson
Howard County Council
3430 Courthouse Drive
Ellicott City, MD 21043

Dear Chairperson Watson:

I am pleased to convey to the Howard County Council the final report of the Compensation Review Commission, December 2009, and resolutions recommending salaries for the Howard County Executive and Council Members to be elected in November 2010.

As described in more detail in our Report, attached, by Resolution of the Howard County Council (Resolution No. 56-2009 dated July 6, 2009) and consistent with the requirements of the Annotated Code of Maryland and the Howard County Charter, the following members were appointed to the Commission in addition to myself: Allen Cornell, Damani Ingram, Mary Marker, Howard Rensin, Craig Thompson, and Phil Wright.

Over the past several months, the Commission received informal presentations from the incumbents as well as from select County department heads. We also reviewed data including that which was provided to us by them or otherwise made available to us related to Howard County budget, history, and projections coupled with a review of compensation and history for the Howard County positions and relevant positions similar to ours in other regional jurisdictions.

After analysis of this data and substantial discussion the Commission is recommending for the County Executive a base salary of \$162,698 for the first year of the term that begins December 2010. The Commission is recommending an annual increase of \$2,500 per year of the term in addition to the annual increase based on the CPI-U Index. In addition to salary, the Commission also recommends a \$150 per month stipend to cover the cost of a service plan for personal communication devices such as cell phones, PDAs or Blackberries and reimbursement for other expenses as currently provided.

The Commission is recommending for members of the County Council a salary of \$53,900 for the first year of the term that begins December 2010. This represents a salary increase of \$500 from the amount paid at the end of the prior incumbents' terms. The

Commission is also recommending an annual increase in subsequent years of the term based on the CPI-U Index. In addition, the Commission is recommending that the Chair of the Council receive an additional differential of \$2,500 over the base salary in lieu of the current \$1,000 differential. In addition to the Council member's salary, the Commission recommends a \$150 per month stipend to cover the cost of a service plan for personal communication devices such as cell phones, PDAs or Blackberries and reimbursement for other expenses as currently provided.

Commission members believe these salary recommendations balance the need to keep pace with inflation and recognize that the current economic conditions will affect the County for the next several years.

On behalf of the Commission members, I would like to thank the members of the County Council and the County Executive for giving us the opportunity to serve the community in this way. It has been a positive experience. We are planning to attend the public hearing and offer testimony when legislation regarding this matter comes before the Council.

Sincerely,



Steven D. Sass
Chair

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Howard County

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COMPENSATION REVIEW COMMISSION

3430 Court House Drive
Ellicott City, MD 21043

Report of the Compensation Review Commission November 2009

I. AUTHORITY OF COMMISSION

Sections 5(AA) and 5(Q) of Article 25A of the Annotated Code of Maryland authorizes Maryland charter counties to establish a commission to set compensation and allowances to be paid to members of each county's County Council and the County Executive, respectively. Pursuant to this state law authority, the Howard County Charter requires the County Council to establish a Compensation Review Commission every four years to review the compensation of the members of the County Council and allowances and to make recommendations to the Council on these matters for the ensuing four years. Section 302(d) of the Howard County Charter requires that the Compensation Review Commission also review and make recommendations on the County Executive's compensation following the same procedures used for the County Council.

Accordingly, the Compensation Review commission was established on July 6, 2009, by Council Resolution No. 56-2009, to make recommendations concerning the compensation and allowances for the members of the County Council and the County Executive to be elected in November 2010.

The following Commission members were appointed by Council Resolution No. 56-2009: Allen Cornell, Damani Ingram, Mary Marker, Howard Rensin, Steve D. Sass, Craig Thompson, and Phil Wright.

II. STUDY

The Commission's role and responsibility was to recommend fair and equitable compensation for the positions of County Council member and County Executive. The Commission did not consider the performance and personality of the incumbents.

The Commission researched pertinent information with regard to compensation issues and spent considerable time discussing the material. In addition, the Commission interviewed all five current Council members and the County Executive to better learn the full range of duties and responsibilities of those offices.

The Commission considered a number of relevant pieces of information to evaluate current salaries and to form its recommendation for future salaries. These included the following: (1) responsibilities of the Council as a whole, (2) information gained in discussions with Council members and the County Executive, (3) benefits to which elected offices are entitled, (4) compensation of council members and county executives from surrounding jurisdictions, (5) salaries of top and mid-level positions in County

government, as well as the Department of Education, and (6) current and projected economic conditions of the County.

The Commission also considered the recent salary history and current salaries of both Council members and the County Executive. For the term beginning December 2006, Council members received a salary of \$49,000. There was an increase for each subsequent year of that term based on the CPI-U resulting in a salary of \$53,400 for the last year of that term. Given the current economic conditions for FY2010 and the fact that County employees are furloughed, each Council member returned to the County or donated the salary increase they received in December 2008.

The County Executive's salary was set at \$147,000 for December of 2006 and he also received an annual increase for each year of that term based on the CPI-U, bringing his salary to \$160,198 for the last year of that term. Given the current economic conditions for FY2010 and the fact that County employees are furloughed, the County Executive donated part of his salary increase and returned to the County the remainder of his increase that he received in December 2008.

In addition to the above, Lynn Robeson from the County Office of Law, briefed the Commission on the legal issues involved in deciding compensation for the Council members and County Executive as well as the components required for our report and limitations of our recommendations consistent with the applicable laws and regulations.

Ray Wacks, the Budget Administrator for the County, briefed the Commission on County budget matters especially as they related to compensation for the Council members and County Executive. He also provided information on the current and projected economic and budgetary conditions facing the County.

Stephen LeGendre, the Council Administrator, briefed the Commission on the roles and responsibilities of the Council as a whole and of individual members. He reviewed the council's legislative duties, budget responsibilities, annual calendar, office organization chart, and hiring and supervising certain staff persons.

Todd Allen, the Director of Personnel, and Arthur Griffin with the Office of Human Resources briefed the Commission on employee compensation, COLAs, and employee benefits.

Lonnie Robbins, the County Administrator, briefed the Commission on the responsibilities of the County Executive in relation to County employees. He reviewed union contracts, employee relations, and budget responsibilities. Lonnie Robbins and Ira Levy, the Director of Technology, also briefed Commission members on a proposed new policy intended to reimburse County employees for work-related use of a personal communications device in lieu of providing County-owned devices.

COUNTY COUNCIL

The Commission interviewed Council Chairperson Mary Kay Sigaty, Vice Chairperson Jennifer Terrasa, and Council members Calvin Ball, Greg Fox, and Courtney Watson. Council members stated that their duties as Council Members required a substantial amount of time and sacrifices in their personal lives. They estimated they worked each week on Council business for at least 30 hours and up to 60 hours, and, at times, more than 60 hours. They said that the workload has increased and intensified with the increased reliance on technology by both the Council members and constituents. Many of the Council members carried multiple cell phones or Blackberries due to the need to separate their responsibilities with the Council from their responsibilities outside of the Council. They agreed that the Council should remain a part-time job.

Council members have extensive responsibilities including reviewing and approving the County budget each year. They spend a great deal of time doing constituent work and attending many meetings both in their districts and throughout the County. The great majority of these meetings are not political in nature. Council members also represent the County on organizations outside of the County such as the Maryland and National associations of counties and the Patuxent River Commission.

Council members are citizen legislators and serving on the Council is defined as a part-time commitment; therefore, most members have other employment or commitments. Council members have scheduling and other challenges as they accommodate their Council duties and their private responsibilities. Council members are reimbursed for official Council business expenditures.

The County Administration is proposing to implement a new policy designed to reimburse County employees for work-related use of personal communications devices (i.e., cell phones, Blackberries, etc.) in lieu of providing County-owned phones in order to realize cost savings. Because this policy has not yet been formally adopted, it was suggested that the Commission include a stipend to cover the cost of a service plan for the elected officials as part of the Commission's overall review of elected officials' compensation. Based on information presented to the Commission regarding the extent of work-related use by elected officials and costs of service plans, the Commission recommends a stipend in the amount of \$150.00 per month.

There was a general consensus among the Council members that they were compensated appropriately. There was also a general consensus that the current pay differential of \$1,000 for the Council Chairperson did not appropriately reflect the amount of additional responsibility that the position entails.

COUNTY EXECUTIVE

The Commission also interviewed County Executive Ken Ulman. The County Executive is responsible for the day to day operation of County government. This is a full-time position. He is responsible for proposing the annual County budget, overseeing spending throughout the year, and for all departments of County government. The County Executive makes policy in many areas and makes major decisions that greatly affect the

County. He reported an average work week of 60 to 100 hours a week. He is responsible for an overall County Budget of approximately \$1.4 billion.

The County Executive spends a great amount of time dealing with the public and tries to attend all County and community events to which he is invited. He said that he tries to always be accessible and visible to citizens and considers this an important part of his job. The County Executive also participates in state and national organizations.

The County Executive confirmed that his salary is less than that of a number of his department heads, but pointed out that the County needs to compensate talent to remain competitive with the private sector and retain quality employees. He has the use of a County car and a cell phone and has a budget to cover official expenses. He stated that the use of the Blackberry has increased his accessibility and ability to respond to the demands of the office, as well as the expectations of constituents because they have 24 hour access to government. It was suggested that the Commission include a stipend for cell phone use in their recommendations due to increasing business use of Blackberries and other electronic communication devices

ISSUES AND DISCUSSION WITH REGARD TO DETERMINING COMPENSATION RECOMMENDATIONS FOR COUNCIL MEMBERS AND THE COUNTY EXECUTIVE

The Commission reviewed and discussed all of the background information provided by staff and the information provided in conversations with all of the County Council members and the County Executive. As previously stated, to determine the appropriate compensation for members of the County Council and the County Executive for the term beginning after the election in 2010, the Commission considered and analyzed, in detail, a number of issues.

The Commission agreed that salaries for elected officials should be enough to attract high caliber candidates and to encourage participation in the process. However, salaries should not be so high that they would be the sole motivating factor for running for office. Council member salaries should provide adequate compensation for their part-time employment. The County Executive's salary should reflect the reality that it is a salary for full-time employment of an executive with extensive budgetary and managerial responsibility.

The Commission agreed that, because of the continuing economic growth in the County and the increased dependence on technology that provides residents 24/7 access to their government, the Executive and Council members have increasing responsibilities with regard to serving both citizens and the business community, which should be reflected in their salaries. The Commission agreed that other factors also should be taken into consideration when considering compensation for the Executive and Council members, such as the current economic conditions and the impact of salaries on future budgets.

The Commission compared the current salaries of the Council members and the County Executive with those in surrounding jurisdictions. The Commission found that the

compensation for County Council is now and should remain competitive with salaries in those jurisdictions. There was some concern that the County Executive's salary was not yet commensurate with the scale and scope of the position, but that the situation has improved dramatically since the time of the last Compensation Review Commission and will continue to improve through the application of the compensation changes recommended herein. Salary increases, by law, cannot be tied to any factor over which the Council or Executive has control; therefore, it was agreed that the annual increases would be based on the All Urban Consumers Price Index for the Washington-Baltimore area published by the U.S. Department of Labor, all items, not seasonally adjusted (CPI-U Index). A fixed amount for the annual increase would be pre-set for both the Council Members and the County Executive in the event that the Bureau of Labor Statistics fails to publish the CPI-U Index computation for any year of the term.

The Commission agreed that an increase in the base salary along with the current annual increases tied to CPI-U was appropriate for Council members to keep pace with inflation and the demands of the job. While the Commission members struggled with the issue of what was an appropriate compensation for part-time legislators, they also took into consideration the current and projected economic conditions, and the desire to express the public's appreciation for the Council members work for the County. The Commission believes a modest increase balances those needs.

The Commission also agreed that an increase in the base salary along with the current annual increases tied to CPI-U was appropriate for the County Executive to keep pace with similar executive level positions and county executives across the State, as well as the increased demands of the job. Given that the CPI-U is historically low and that the Executive's compensation continues to lag somewhat when compared to other senior executive positions, an additional yearly increase for the County Executive's salary is needed and is recommended.

The Commission agreed to include a cell phone stipend in anticipation of a proposed new policy, applicable to all County employees, designed to reduce the number of County-owned phones in order to realize cost savings. Rather than providing County-owned phones, the proposed policy offers a stipend to qualifying County employees to cover work-related use of personal phones. The Commission believed that with the increase reliance on technology, and the public's expectation of quick response times, it is imperative that elected officials have access to an unlimited cell phone service plan.

III. RECOMMENDATIONS

The Commission, by a unanimous vote, recommends for County Council members an annual salary of \$53,900 for the first year of their term that begins December 2010. This represents an increase of \$500 from the final salary of the then departing incumbents. The Commission, by a unanimous vote, also recommends an annual increase in subsequent years of the term, which begin in December 2011, 2012 and 2013, based on the CPI-U Index as set out below. In addition, the Chairperson of the Council should

have an additional differential of \$2,500 over the base salary in lieu of the current \$1,000 differential. The additional \$2,500 is not subject to the CPI-U increase.

The Commission, by a unanimous vote, recommends for the County Executive an annual salary of \$162,698 for the first year of the term that begins December 2010. That represents an increase of \$2,500 above the salary of the then-departing incumbent. The Commission also unanimously recommends an annual increase of \$2,500 in subsequent years of the term, which begin in December of 2011, 2012 and 2013. In addition to the annual increase of \$2,500, the Commission unanimously recommends an annual increase based on the CPI-U Index as set out below.

Council members' salary increases in the last three years of their terms shall be determined as follows: each December in 2011, 2012, and 2013 their prior year's base salary shall be increased, but not decreased, by the change in the Consumer Price Index all urban consumers (CPI-U) Washington-Baltimore DC-MD-VA-WV average, all items, from the prior year, as published by the Department of Labor's Bureau of Labor Statistics on January 31. If the Bureau of Labor Statistics fails to publish the referenced CPI-U computation, then the annual increase for the County Council members shall be 3%.

The County Executive's salary increase in the last three years of the term shall be determined as follows: each December in 2011, 2012 and 2013 the prior year's base salary shall be increased by \$2,500, and also increased, but not decreased, by the change in the Consumer Price Index all urban consumers (CPI-U) Washington-Baltimore DC-MD-VA-WV average), all items, from the prior year, as published by the Department of Labor's Bureau of Labor Statistics on January 31. If the Bureau of Labor Statistics fails to publish the referenced CPI-U computation, then the annual increase for the County Executive shall be \$2,500 and an additional 3% of base salary.

The Commission, by a unanimous vote, also recommends a \$150 monthly stipend for each Council member and the County Executive to reimburse the costs of a service plan for PDAs or other electronic devices.

Attached to this report are appendices that include a schedule of the Commission's meetings and the background data considered in developing the salary recommendations.

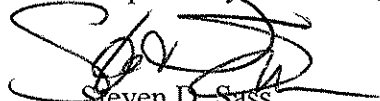
RESOLUTION OF THE COMPENSATION REVIEW COMMISSION

Pursuant to the provisions of Section 5(AA) and 5(Q) of Article 25A of the Annotated Code of Maryland, Section 202(d) of Article II of the Howard County Charter and Subtitle 1 of Title 5 of the Howard County Code, the Compensation Review Commission does hereby approve and adopt the following Resolution recommending the compensation and allowances to be provided to the members of the Howard County Council for the four-year term beginning in December 2010.

- Resolved:** From and after the time the members of the Howard County Council qualify for office following the general election of November 2010, the member of the Howard County Council shall receive each year the employee benefits available to County employees.
- Resolved:** From and after the time the members of the Howard County Council qualify for office following the general election of November 2010, the members of the Howard County Council shall be paid an annual salary for the four-year term beginning 2010 as follows:
- Beginning on the date of installation in December 2010, the base salary shall be \$53,900 per year
 - The base salary shall increase (but not decreased) beginning December of each year after 2010. Base salary is determined in each year by increasing the prior base salary by the increase in the Consumer Price Index all urban consumers (CPI-U Washington-Baltimore DC-MD-VA-WV average), all items, as published by the Department of Labor's Bureau of Labor Statistics from the prior year on January 31. If the Bureau of Labor Statistics fails to publish the referenced CPI-U computation, then the annual increase for the members of the Howard County Council shall be 3%.
 - The Chairperson of the Howard County Council shall receive an additional sum of \$2,500 over the base salary which is not subject to the escalator set forth above.
 - Council members shall also receive a monthly stipend of \$150 toward a cell phone plan to cover the costs associated with a service plan for a personal communications device.

In witness, whereof, we have hereunto subscribed our names this 14th day of December, 2009,

Respectfully submitted,


Steven D. Sass,
Chairperson

RESOLUTION OF THE COMPENSATION REVIEW COMMISSION

Pursuant to Section 5(Q) of Article 25A of the Maryland Code and Section 302(d) of the Howard County Charter, the Compensation Review Commission does hereby approve and adopt the following resolution recommending the compensation and allowances to be provided to the Howard County Executive for the four-year term beginning in December 2010.

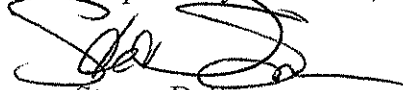
Resolved: From and after the time the Howard County Executive qualifies for office following the general election of November 2010, the County Executive shall receive each year the employee benefits available to County employees.

Resolved: From and after the time the Howard County Executive qualifies for office following the general election of November 2010, the County Executive shall be paid an annual salary for the four-year term beginning in December 2010.

- Beginning on the date of installation in December, the base salary shall be \$162,698 per year.
- The base compensation being paid shall increase annually by \$2,500.00.
- The base compensation being paid shall also increase (but not decreased) beginning December of each year by increasing the prior base salary by the increase in the Consumer Price Index all urban consumers (CPI-U Washington-Baltimore DC-MD-VA-WV average), all items, as published by the Department of Labor's Bureau of Labor Statistics from the prior year on January 31. If the Bureau of Labor Statistics fails to publish the referenced CPI-U computation, then the annual increase for Howard County Executive shall be 3% in addition to the \$2,500 yearly increase.
- The County Executive shall also receive a monthly stipend of \$150 to reimburse the expense of a service plan for a personal communications device as well.

In witness, whereof, we have hereunto subscribed our names this 14th day of December, 2009,

Respectfully submitted,



Steven D. Sass,
Chairperson